



Connecticut Business & Industry Association

TESTIMONY
BEFORE THE
PUBLIC HEALTH COMMITTEE
LEGISLATIVE OFFICE BUILDING
MARCH 2, 2010

My name is Eric George and I am Associate Counsel for the Connecticut Business & Industry Association (CBIA). CBIA represents approximately 10,000 businesses throughout Connecticut, the vast majority of which are small companies employing fewer than 50 people.

Both nationally and here in Connecticut, the health care system is in need of repair.

More needs to be done to improve the health of our citizens. Employers find health care costs rising faster than other input costs. Some providers are unable to generate sufficient patient revenue to cover costs. Some patients cannot get timely access to optimal care. And too many individuals remain without health insurance, engage in unhealthy behaviors and live in unhealthy environments.

For the business community, the issues of health care quality, cost and access are critical. After numerous years of double-digit and near-double-digit increases, health insurance has quickly become a product that many people and companies find they can no longer afford. In addition, the cost of health care directly affects businesses' ability to create new jobs. In fact, according to CBIA's latest membership survey, over two-thirds of our members indicated that rising health benefit costs alone are negatively affecting their ability to hire additional workers.

With that, CBIA strongly supports **HB 5328, An Act Implementing SAGA Hospital Rate Increases**, which would increase SAGA rates for hospitals to Medicaid levels.

Currently, underfunding by the state under its SAGA and Medicaid programs increases private sector employers' health insurance costs by forcing hospitals to shift a significant portion of this underfunding in order to make up a portion of the shortfall. In fact, the Program Review and Investigations Committee reported in 2006 that this underfunding can bump up the cost of private plans by as much as 30%. And according to the Connecticut Hospital Association, approximately \$400

million is shifted each year to private employers because of government underfunding (both state and federal) and the cost of the uninsured.

Increasing SAGA rates will help reduce this cost-shift, make private insurance more affordable and will decrease the number of uninsured in the process.

Again, CBIA strongly urges you to support **HB 5328**. Thank you for the opportunity to comment on this legislation.